



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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RESOURCES, COMMUNITY,
AND ECONOMIC DEVELOPMENT
DIVISION

SEPTEMBER 22, 1983

B-205276



122386

The Honorable Stan Lundine
House of Representatives

Dear Mr. Lundine:

Subject: Analysis of Gasoline Prices in Cattaraugus
County, New York (GAO/RCED-83-238)

In your letter of June 6, 1983, you requested our assistance in analyzing reasons for differences in petroleum product prices in Cattaraugus County and other areas of western New York. Your request was made on behalf of members of the Petroleum Pricing Committee of the Cattaraugus County Legislature who had expressed concern about high prices for petroleum products. Although the Pricing Committee had conducted a study of petroleum product prices, it was unable to determine why the prices in Cattaraugus County were higher than they were in other locations within a 50-mile radius of the county. Therefore, you requested that we review the materials gathered by the Committee and consider performing an indepth investigation of disparities in petroleum product prices in western New York.

In responding to your request, we analyzed the Pricing Committee's study and obtained and analyzed available federal information on gasoline prices. In summary, our analysis showed that wide fluctuations in prices in any one geographic area can be expected as a result of free market supply and demand conditions. These conditions have become a greater influence on prices since federal controls over gasoline prices were removed in January 1981. Our analysis also showed that even though a geographic area may be experiencing higher gasoline prices than it had previously experienced, these prices can be relatively low when compared with prices in other areas of the country.

We discussed the results of our analysis with your office, which was satisfied with the information we provided. Your office also agreed with our view that, since gasoline prices are no longer under federal control and are subject to variations caused by marketplace influences, a detailed study of the pricing situation in Cattaraugus County was not warranted. At the request of your office, we are providing you with this letter, which summarizes the results of our work.

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CATTARAUGUS STUDY

In conducting its study, the Petroleum Pricing Committee obtained data on the price of petroleum products for the weeks of January 9 and January 16, 1983, from Cattaraugus County gas stations. The price of the products reported by the gas stations was averaged for various classification of petroleum products such as regular and unleaded gasoline, diesel, and kerosene. The table below shows the number of stations responding to the survey and the mean price of petroleum products reported.

Classification of petroleum products	<u>Week of January 9, 1983</u>		<u>Week of January 16, 1983</u>	
	<u>No. of stations</u>	<u>Mean price</u>	<u>No. of stations</u>	<u>Mean price</u>
Regular	73	1.28	65	1.27
Unleaded	68	1.34	61	1.32
Unleaded Premium	15	1.42	14	1.41
Diesel II	14	1.33	14	1.33
Diesel I	7	1.35	6	1.37
Kerosene	11	1.49	13	1.48

Source: Cattaraugus County Petroleum Pricing Committee.

Although the Pricing Committee believed that the above prices were "unnaturally high," we were unable to arrive at that conclusion based on the data provided by the study. The study data showed that, for a 2-week period in January 1983, prices for certain gas stations in western New York were higher than prices for other stations in the same area, but the data did not indicate whether these prices would be considered high, moderate, or low. In addition, it was not possible to determine from the study data how prices compared with those in nearby or other regions of the country.

To gain some perspective on whether prices charged were high in comparison with other local areas, we contacted the Department of Energy's Energy Information Administration and the Department of Labor's Bureau of Labor Statistics (BLS) for statistical information on retail gasoline prices throughout the Nation. The Energy Information Administration collects gasoline price information at the state level and for only selected states. BLS, on the other hand, collects such information for 28 selected areas located throughout the country. Generally these are Standard Metropolitan Statistical Areas.

We were unable to compare the BLS data with the data developed by the Pricing Committee because of the differences in computational methods used. The BLS data are based on weighted

averages whereas the data developed by the Petroleum Pricing Committee for Cattaraugus County are based on mean averages. Nevertheless, the BLS data showed that gasoline prices fluctuate over time in the same region of the country and among different geographic areas.

PRICE FLUCTUATIONS

Wide price fluctuations within and among geographic areas can be expected as a result of free market supply and demand conditions. Even though a geographic area may be experiencing high prices at some point in time, these prices may be relatively low when compared with prices in other locations.

For example, using the BLS data, we compared the monthly weighted average price of gasoline for the New York, N.Y.-northeastern New Jersey area¹ to prices reported for the other 27 areas from which BLS collects data. We selected this area because, of the 28 areas for which data exist, it is the one closest to Cattaraugus County which takes in part of New York State. As shown below, we listed the monthly averages for the New York, N.Y.-northeastern New Jersey area during each month of the most recent 13-month period for which information was available. We also determined the relative ranking of the price in that area compared with prices in the other areas and identified the highest and lowest prices that were reported among the 28 areas.

¹This area includes the counties of Bronx, Kings, Nassau, New York, Putnam, Queens, Richmond, Rockland, Suffolk, and Westchester in New York and Bergen, Essex, Hudson, Middlesex, Morris, New Jersey, Passaic, Somerset, and Union in New Jersey.

Average Monthly Price, Rank, and Price Range
for All Types of Gasoline for the New York, N.Y.-Northeastern
New Jersey Area for the Period May 1982 Through May 1983

<u>1982</u>	<u>Average price</u>	<u>Rank^a</u>	<u>Price range^b</u>
May	1.246	14	1.501-1.123
June	1.302	16	1.512-1.205
July	1.329	15	1.533-1.236
August	1.328	14	1.537-1.231
September	1.327	11	1.539-1.204
October	1.324	8	1.534-1.192
November	1.321	5	1.528-1.175
December	1.312	5	1.518-1.161
<u>1983</u>			
January	1.291	5	1.504-1.125
February	1.253	5	1.467-1.048
March	1.203	6	1.405-1.018
April	1.249	8	1.441-1.054
May	1.273	11	1.450-1.142

^aHighest to lowest gasoline prices among the 28 selected areas in the United States (including Hawaii and Alaska).

^bHighest and lowest prices reported among the 28 selected areas.

As shown in the above table, in the New York-N.Y.-northeastern New Jersey area, there were considerable variations in the average price of gasoline and the relative ranking of that price. Also, from the table, it can be seen that there was no consistent relationship between upturns and downturns in the prices and their relative ranking. In some cases, when the average price of gasoline for the area went up, its relative ranking compared with the other areas moved up, down, or stayed the same. Likewise, when the price fell, its relative ranking also moved up, down, or stayed the same. For example, while the average price for the area was at its highest level in July 1982, in the same month, 14 of the other 27 areas reported a higher average price. However, in March 1983, even though the average price for the area was at its lowest level, this price was higher than the average price reported for 22 of the other 27 areas.

At the request of your office, the enclosure to this letter provides BLS gasoline pricing data during the period from May 1982 through May 1983 for 28 geographic areas of the country.

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Because we did not review the activities of any agency, we did not obtain agency comments on this report. Except as noted above, we made our review in accordance with generally accepted government auditing standards. We will make copies of this report available to others upon request.

Sincerely yours,


J. Dexter Peach
Director

Enclosure

GASOLINE AVERAGE PRICES PER GALLON,
U.S. CITY AVERAGE AND SELECTED AREAS

All types 2/

Area 1/

	May 1982	June 1982	July 1982	Aug. 1982	Sept. 1982	Oct. 1982	Nov. 1982	Dec. 1982	Jan. 1983	Feb. 1983	Mar. 1983	Apr. 1983	May 1983
U.S. city average	1.224	1.296	1.318	1.310	1.295	1.280	1.268	1.244	1.213	1.170	1.135	1.198	1.243
Chicago, Ill.-Northwestern Ind.	1.252	1.339	1.363	1.346	1.330	1.311	1.310	1.293	1.259	1.224	1.193	1.260	1.297
Detroit, Mich.	1.247	1.332	1.347	1.337	1.308	1.297	1.286	1.272	1.241	1.202	1.179	1.252	1.292
L.A.-Long Beach, Anaheim, Calif.	1.293	1.306	1.341	1.342	1.308	1.280	1.254	1.196	1.165	1.121	1.092	1.161	1.235
N.Y., N.Y.-Northeastern N.J.	1.246	1.302	1.329	1.328	1.327	1.324	1.321	1.312	1.291	1.253	1.203	1.249	1.273
Philadelphia, Pa.-N.J.	1.192	1.242	1.263	1.262	1.249	1.247	1.237	1.228	1.209	1.168	1.121	1.172	1.190
Anchorage, Alaska	1.380	1.398	1.417	1.421	1.416	1.416	1.419	1.412	1.390	1.367	1.279	1.271	1.212
Baltimore, Md.	1.285	1.353	1.372	1.368	1.354	1.349	1.342	1.334	1.311	1.289	1.267	1.309	1.335
Boston, Mass.	1.194	1.258	1.288	1.285	1.283	1.274	1.264	1.253	1.227	1.196	1.154	1.192	1.223
Cincinnati, Ohio-Ky.-Ind.	1.202	1.295	1.307	1.294	1.291	1.277	1.267	1.246	1.222	1.182	1.147	1.218	1.260
Denver-Boulder, Colo.	1.150	1.221	1.252	1.257	1.263	1.272	1.264	1.232	1.174	1.048	1.042	1.104	1.157
Miami, Fla.	1.280	1.316	1.345	1.360	1.356	1.357	1.355	1.350	1.329	1.298	1.280	1.320	1.356
Milwaukee, Wis.	1.201	1.299	1.319	1.311	1.294	1.283	1.270	1.253	1.209	1.157	1.116	1.186	1.242
Northeast Pennsylvania	1.149	1.205	1.236	1.237	1.228	1.223	1.215	1.213	1.195	1.163	1.098	1.143	1.174
Portland, Ore.-Wash.	1.263	1.315	1.353	1.351	1.332	1.312	1.287	1.241	1.192	1.109	1.050	1.091	1.169
St. Louis, Mo.-Ill.	1.166	1.256	1.259	1.243	1.223	1.212	1.193	1.173	1.125	1.095	1.063	1.150	1.184
San Diego, Calif.	1.273	1.322	1.371	1.375	1.356	1.331	1.306	1.258	1.238	1.181	1.152	1.207	1.301
Seattle-Everett, Wash.	1.223	1.271	1.309	1.309	1.288	1.254	1.232	1.190	1.143	1.057	1.018	1.054	1.142
Washington, D.C.-Md.-Va.	1.254	1.320	1.353	1.347	1.333	1.322	1.316	1.302	1.276	1.246	1.221	1.280	1.314
Atlanta, Ga.	1.280	1.353	1.369	1.358	1.289	1.283	1.273	1.257	1.202	1.166	1.144	1.218	1.253
Buffalo, N.Y.	1.223	1.294	1.306	1.302	1.301	1.304	1.302	1.298	1.267	1.224	1.191	1.244	1.281
Cleveland, Ohio	1.271	1.352	1.364	1.351	1.334	1.354	1.260	1.244	1.217	1.172	1.134	1.223	1.261
Dallas-Fort Worth, Tex.	1.123	1.212	1.241	1.231	1.217	1.202	1.192	1.178	1.142	1.100	1.074	1.125	1.161
Honolulu, Hawaii	1.501	1.512	1.533	1.537	1.539	1.534	1.528	1.518	1.504	1.467	1.405	1.441	1.450
Houston, Tex.	1.153	1.244	1.246	1.231	1.204	1.192	1.175	1.161	1.129	1.090	1.054	1.117	1.150
Kansas City, Mo.-Kans.	1.150	1.307	1.319	1.297	1.278	1.259	1.246	1.172	1.152	1.128	1.077	1.183	1.219
Minneapolis-St. Paul, Minn.-Wis.	1.227	1.336	1.337	1.308	1.312	1.311	1.311	1.296	1.239	1.190	1.124	1.214	1.289
Pittsburgh, Pa.	1.234	1.271	1.299	1.297	1.294	1.291	1.260	1.245	1.219	1.184	1.146	1.179	1.210
San Francisco-Oakland, Calif.	1.279	1.342	1.404	1.396	1.369	1.342	1.316	1.259	1.230	1.183	1.154	1.204	1.274
Region 3/													
Northeast	1.223	1.283	1.308	1.308	1.299	1.296	1.288	1.278	1.258	1.222	1.177	1.223	1.251
North Central	1.225	1.313	1.327	1.308	1.291	1.277	1.267	1.247	1.220	1.181	1.145	1.222	1.263
South	1.193	1.277	1.295	1.285	1.269	1.258	1.252	1.234	1.196	1.151	1.123	1.189	1.223
West	1.271	1.308	1.348	1.349	1.330	1.295	1.272	1.223	1.188	1.135	1.104	1.163	1.237

See footnotes at end of table.

Area 1/	Leaded regular												
	May 1982	June 1982	July 1982	Aug. 1982	Sept. 1982	Oct. 1982	Nov. 1982	Dec. 1982	Jan. 1983	Feb. 1983	Mar. 1983	Apr. 1983	May 1983
U.S. city average	1.166	1.242	1.263	1.254	1.236	1.219	1.207	1.181	1.146	1.099	1.064	1.131	1.177
Chicago, Ill.-Northwestern Ind.....	1.203	1.292	1.313	1.296	1.279	1.261	1.261	1.245	1.208	1.170	1.134	1.202	1.244
Detroit, Mich.....	1.200	1.285	1.297	1.287	1.261	1.246	1.236	1.221	1.192	1.152	1.125	1.204	1.245
L.A.-Long Beach, Anaheim, Calif.....	1.213	1.233	1.275	1.275	1.235	1.211	1.179	1.113	1.077	1.027	1.007	1.076	1.157
N.Y., N.Y.-Northeastern N.J.....	1.176	1.233	1.258	1.257	1.255	1.253	1.247	1.239	1.214	1.174	1.123	1.168	1.195
Philadelphia, Pa.-N.J.....	1.122	1.178	1.200	1.197	1.188	1.182	1.174	1.165	1.144	1.104	1.058	1.112	1.130
Anchorage, Alaska.....	1.341	1.360	1.378	1.382	1.372	1.371	1.370	1.372	1.353	1.325	1.223	1.215	1.213
Baltimore, Md.....	1.228	1.295	1.311	1.308	1.295	1.295	1.288	1.280	1.256	1.228	1.207	1.249	1.278
Boston, Mass.....	1.157	1.225	1.253	1.251	1.249	1.241	1.234	1.223	1.187	1.158	1.112	1.146	1.175
Cincinnati, Ohio-Ky.-Ind.....	1.151	1.244	1.255	1.243	1.238	1.225	1.218	1.195	1.170	1.130	1.094	1.168	1.211
Denver-Boulder, Colo.....	1.119	1.190	1.219	1.224	1.228	1.235	1.226	1.194	1.133	.988	.987	1.056	1.105
Miami, Fla.....	1.201	1.242	1.251	1.265	1.261	1.255	1.259	1.256	1.229	1.201	1.177	1.220	1.267
Milwaukee, Wis.....	1.170	1.268	1.291	1.283	1.264	1.254	1.243	1.223	1.185	1.127	1.088	1.171	1.213
Northeast Pennsylvania.....	1.117	1.173	1.203	1.204	1.195	1.191	1.182	1.179	1.161	1.129	1.060	1.105	1.136
Portland, Oreg.-Wash.....	1.209	1.264	1.301	1.298	1.270	1.255	1.226	1.170	1.117	1.023	.972	1.021	1.097
St. Louis, Mo.-Ill.....	1.113	1.210	1.209	1.193	1.169	1.159	1.139	1.117	1.070	1.040	1.010	1.104	1.138
San Diego, Calif.....	1.190	1.239	1.290	1.292	1.270	1.243	1.216	1.163	1.140	1.072	1.045	1.100	1.197
Seattle-Everett, Wash.....	1.180	1.229	1.268	1.267	1.244	1.210	1.185	1.141	1.098	1.013	.971	1.011	1.098
Washington, D.C.-Md.-Va.....	1.192	1.256	1.291	1.283	1.270	1.256	1.253	1.237	1.204	1.167	1.145	1.206	1.238
Atlanta, Ga.....	1.213	1.281	1.293	1.281	1.219	1.212	1.200	1.181	1.124	1.085	1.059	1.133	1.174
Buffalo, N.Y.....	1.177	1.251	1.262	1.256	1.253	1.261	1.255	1.250	1.218	1.178	1.139	1.195	1.232
Cleveland, Ohio.....	1.230	1.305	1.320	1.306	1.289	1.291	1.206	1.190	1.163	1.117	1.080	1.165	1.205
Dallas-Fort Worth, Tex.....	1.067	1.163	1.189	1.175	1.158	1.139	1.127	1.111	1.071	1.027	1.003	1.059	1.097
Honolulu, Hawaii	1.432	1.454	1.466	1.473	1.468	1.467	1.465	1.446	1.442	1.409	1.345	1.379	1.385
Houston, Tex.....	1.097	1.195	1.175	1.159	1.137	1.118	1.095	1.074	1.030	.991	.957	1.031	1.063
Kansas City, Mo.-Kans.....	1.120	1.262	1.276	1.252	1.242	1.221	1.210	1.134	1.113	1.088	1.041	1.147	1.186
Minneapolis-St. Paul, Minn.-Wis.....	1.191	1.299	1.296	1.267	1.276	1.269	1.272	1.257	1.198	1.148	1.084	1.176	1.249
Pittsburgh, Pa.....	1.174	1.212	1.242	1.243	1.237	1.232	1.189	1.171	1.140	1.105	1.066	1.098	1.130
San Francisco-Oakland, Calif.....	1.211	1.272	1.332	1.323	1.282	1.256	1.221	1.153	1.122	1.067	1.033	1.088	1.189
Region 2/													
Northeast.....	1.165	1.228	1.250	1.251	1.242	1.238	1.230	1.219	1.196	1.160	1.113	1.157	1.186
North Central.....	1.185	1.272	1.283	1.264	1.247	1.230	1.222	1.202	1.173	1.131	1.095	1.175	1.217
South.....	1.132	1.222	1.236	1.226	1.209	1.195	1.188	1.167	1.125	1.077	1.048	1.121	1.154
West	1.192	1.237	1.280	1.280	1.256	1.220	1.193	1.141	1.102	1.042	1.011	1.075	1.153

See footnotes at end of table.

Area 1/	Unleaded regular												
	May 1982	June 1982	July 1982	Aug. 1982	Sept. 1982	Oct. 1982	Nov. 1982	Dec. 1982	Jan. 1983	Feb. 1983	Mar. 1983	Apr. 1983	May 1983
U.S. city average	1.237	1.309	1.331	1.323	1.308	1.295	1.283	1.260	1.228	1.187	1.151	1.215	1.259
Chicago, Ill.-Northwestern Ind.....	1.258	1.346	1.373	1.355	1.339	1.318	1.315	1.297	1.263	1.226	1.199	1.266	1.301
Detroit, Mich.....	1.255	1.346	1.359	1.346	1.314	1.302	1.293	1.278	1.244	1.206	1.183	1.260	1.296
L.A.-Long Beach, Anaheim, Calif.....	1.303	1.318	1.352	1.353	1.320	1.293	1.268	1.210	1.176	1.135	1.101	1.172	1.250
N.Y., N.Y.-Northeastern N.J.....	1.249	1.302	1.329	1.328	1.328	1.322	1.319	1.309	1.289	1.250	1.198	1.247	1.272
Philadelphia, Pa.-N.J.....	1.194	1.240	1.261	1.259	1.250	1.247	1.235	1.226	1.210	1.162	1.120	1.170	1.187
Anchorage, Alaska.....	1.401	1.420	1.439	1.444	1.443	1.443	1.448	1.435	1.406	1.389	1.313	1.303	1.310
Baltimore, Md.....	1.274	1.343	1.360	1.355	1.341	1.334	1.329	1.320	1.296	1.274	1.255	1.301	1.328
Boston, Mass.....	1.204	1.266	1.298	1.293	1.291	1.283	1.271	1.259	1.240	1.207	1.167	1.211	1.246
Cincinnati, Ohio-Ky.-Ind.....	1.225	1.320	1.331	1.321	1.314	1.300	1.287	1.268	1.244	1.204	1.169	1.239	1.281
Denver-Boulder, Colo.....	1.187	1.257	1.292	1.295	1.306	1.312	1.308	1.281	1.226	1.107	1.092	1.150	1.212
Miami, Fla.....	1.290	1.330	1.369	1.390	1.389	1.387	1.382	1.378	1.361	1.327	1.314	1.356	1.383
Milwaukee, Wis.....	1.212	1.311	1.328	1.320	1.303	1.290	1.276	1.260	1.213	1.168	1.124	1.183	1.253
Northeast Pennsylvania.....	1.161	1.218	1.250	1.250	1.240	1.235	1.226	1.225	1.209	1.175	1.112	1.159	1.192
Portland, Oreg.-Wash.....	1.283	1.332	1.375	1.374	1.359	1.338	1.310	1.268	1.217	1.146	1.075	1.115	1.202
St. Louis, Mo.-Ill.....	1.170	1.258	1.267	1.252	1.232	1.219	1.201	1.181	1.129	1.101	1.068	1.151	1.183
San Diego, Calif.....	1.285	1.334	1.385	1.388	1.371	1.347	1.323	1.274	1.256	1.199	1.162	1.218	1.310
Seattle-Everett, Wash.....	1.215	1.264	1.304	1.305	1.285	1.247	1.226	1.185	1.126	1.035	1.000	1.037	1.133
Washington, D.C.-Md.-Va.....	1.241	1.306	1.338	1.332	1.320	1.312	1.297	1.285	1.256	1.229	1.206	1.268	1.302
Atlanta, Ga.....	1.269	1.351	1.368	1.358	1.306	1.301	1.291	1.276	1.223	1.187	1.165	1.243	1.275
Buffalo, N.Y.....	1.233	1.306	1.318	1.315	1.316	1.321	1.315	1.311	1.281	1.234	1.206	1.259	1.295
Cleveland, Ohio.....	1.284	1.352	1.365	1.356	1.352	1.382	1.277	1.256	1.229	1.184	1.143	1.240	1.280
Dallas-Fort Worth, Tex.....	1.132	1.217	1.248	1.239	1.226	1.211	1.199	1.186	1.151	1.106	1.080	1.131	1.165
Honolulu, Hawaii.....	1.506	1.511	1.536	1.541	1.547	1.540	1.532	1.522	1.503	1.464	1.399	1.435	1.447
Houston, Tex.....	1.166	1.255	1.250	1.234	1.203	1.190	1.174	1.160	1.134	1.092	1.051	1.112	1.147
Kansas City, Mo.-Kans.....	1.182	1.340	1.351	1.326	1.316	1.298	1.285	1.210	1.191	1.169	1.114	1.219	1.253
Minneapolis-St. Paul, Minn.-Wis.....	1.258	1.368	1.375	1.347	1.348	1.351	1.348	1.334	1.279	1.229	1.160	1.250	1.327
Pittsburgh, Pa.....	1.243	1.280	1.308	1.306	1.302	1.301	1.264	1.251	1.224	1.189	1.152	1.185	1.218
San Francisco-Oakland, Calif.....	1.290	1.357	1.422	1.414	1.388	1.360	1.330	1.279	1.247	1.205	1.178	1.228	1.311
Region 2/													
Northeast.....	1.227	1.285	1.310	1.311	1.303	1.298	1.289	1.280	1.258	1.221	1.178	1.226	1.255
North Central.....	1.244	1.334	1.349	1.331	1.313	1.300	1.289	1.269	1.240	1.202	1.164	1.241	1.282
South.....	1.207	1.290	1.308	1.297	1.282	1.273	1.266	1.248	1.209	1.169	1.140	1.204	1.239
West.....	1.287	1.320	1.360	1.362	1.344	1.312	1.290	1.243	1.206	1.156	1.124	1.184	1.260

See footnotes at end of table.

- 1/ Area is generally the Standard Metropolitan Statistical Area (SMSA), exclusive of farms. L.A.-Long Beach, Anaheim, Calif. is a combination of two SMSA's, and N.Y., N.Y.-Northeastern N.J. and Chicago, Ill.-Northwestern Ind. are the more extensive Standard Consolidated Areas. Area definitions are those established by the Office of Management and Budget in 1973, except for Denver-Boulder, Colo. which does not include Douglas County. Definitions do not include revisions made since 1973.
- 2/ Also includes other types of gasoline not shown separately.
- 3/ Regions are defined as the four Census regions.

Source: Bureau of Labor Statistics, Department of Labor.